

**ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE**

April 30, 2021

1:29 p.m.

MEMBERS PRESENT

Senator Mia Costello, Chair
Senator Peter Micciche
Senator Gary Stevens
Senator Elvi Gray-Jackson

MEMBERS ABSENT

Senator Joshua Revak, Vice Chair

COMMITTEE CALENDAR

SENATE BILL NO. 17

"An Act relating to the retrofitting of certain public facilities and community facilities; relating to the performance of energy audits on schools and community facilities; relating to the duties of the Alaska Energy Authority and the Alaska Housing Finance Corporation; creating a rapid economic recovery office in the Alaska Industrial Development and Export Authority; and relating to the state energy policy and energy source reporting by state agencies."

- MOVED CSSB 17(CRA) OUT OF COMMITTEE

SENATE BILL NO. 76

"An Act relating to vehicles abandoned on private property."

- MOVED SB 76 OUT OF COMMITTEE

HOUSE BILL NO. 36

"An Act relating to an application for a license to operate as a dealer in motor vehicles; and requiring a dealer in motor vehicles to maintain liability and property insurance."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 17

SHORT TITLE: ENERGY EFFICIENCY & POLICY: PUB. BLDGS
SPONSOR(s): SENATOR(s) BEGICH

01/22/21	(S)	PREFILE RELEASED 1/8/21
01/22/21	(S)	READ THE FIRST TIME - REFERRALS
01/22/21	(S)	CRA, L&C, FIN
02/25/21	(S)	CRA AT 3:30 PM BELTZ 105 (TSBldg)
02/25/21	(S)	Heard & Held
02/25/21	(S)	MINUTE(CRA)
03/30/21	(S)	CRA AT 3:30 PM BELTZ 105 (TSBldg)
03/30/21	(S)	Heard & Held
03/30/21	(S)	MINUTE(CRA)
04/08/21	(S)	CRA AT 3:30 PM BELTZ 105 (TSBldg)
04/08/21	(S)	Moved CSSB 17(CRA) Out of Committee
04/08/21	(S)	MINUTE(CRA)
04/09/21	(S)	CRA RPT CS 1DP 2NR SAME TITLE
04/09/21	(S)	NR: HUGHES, MYERS
04/09/21	(S)	DP: GRAY-JACKSON
04/23/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
04/23/21	(S)	Heard & Held
04/23/21	(S)	MINUTE(L&C)
04/28/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
04/28/21	(S)	-- MEETING CANCELED --
04/30/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 76

SHORT TITLE: ABANDONED VEHICLES; PRIVATE PROPERTY
SPONSOR(s): SENATOR(s) KIEHL

02/10/21	(S)	READ THE FIRST TIME - REFERRALS
02/10/21	(S)	STA, L&C
03/09/21	(S)	STA AT 3:30 PM BUTROVICH 205
03/09/21	(S)	Heard & Held
03/09/21	(S)	MINUTE(STA)
04/22/21	(S)	STA AT 3:30 PM BUTROVICH 205
04/22/21	(S)	Moved SB 76 Out of Committee
04/22/21	(S)	MINUTE(STA)
04/23/21	(S)	STA RPT 4DP
04/23/21	(S)	DP: SHOWER, HOLLAND, KAWASAKI, COSTELLO
04/30/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: HB 36

SHORT TITLE: MOTOR VEHICLE DEALERS: APPLIC.; INSURANCE
SPONSOR(s): REPRESENTATIVE(s) CLAMAN

02/18/21	(H)	PREFILE RELEASED 1/8/21
02/18/21	(H)	READ THE FIRST TIME - REFERRALS

02/18/21	(H)	L&C, FIN
03/03/21	(H)	FIN REFERRAL REMOVED
03/03/21	(H)	L&C AT 5:45 PM BARNES 124
03/03/21	(H)	Heard & Held
03/03/21	(H)	MINUTE(L&C)
03/12/21	(H)	L&C AT 3:15 PM BARNES 124
03/12/21	(H)	Moved HB 36 Out of Committee
03/12/21	(H)	MINUTE(L&C)
03/15/21	(H)	L&C RPT 6DP
03/15/21	(H)	DP: SNYDER, NELSON, MCCARTY, SCHRAGE, KAUFMAN, SPOHNHOLZ
03/25/21	(H)	BEFORE HOUSE IN THIRD READING
03/25/21	(H)	TRANSMITTED TO (S)
03/25/21	(H)	VERSION: HB 36
03/26/21	(S)	READ THE FIRST TIME - REFERRALS
03/26/21	(S)	TRA, L&C
04/09/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
04/09/21	(S)	-- MEETING CANCELED --
04/13/21	(S)	TRA AT 1:30 PM BELTZ 105 (TSBldg)
04/13/21	(S)	Heard & Held
04/13/21	(S)	MINUTE(TRA)
04/15/21	(S)	TRA AT 1:30 PM BELTZ 105 (TSBldg)
04/15/21	(S)	Moved SCS HB 36(TRA) Out of Committee
04/15/21	(S)	MINUTE(TRA)
04/16/21	(S)	TRA RPT SCS 3NR 1AM SAME TITLE
04/16/21	(S)	NR: MYERS, SHOWER, MICCICHE
04/16/21	(S)	AM: KIEHL
04/28/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
04/28/21	(S)	-- MEETING CANCELED --
04/30/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

SENATOR TOM BEGICH
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of SB 17.

CHRISTOPHER HODGIN, Energy Program Manager
Statewide Public Facilities
Division of Facility Services
Department of Transportation & Public Facilities
Anchorage, Alaska

POSITION STATEMENT: Stated that the administration supports the concepts in SB 17.

SENATOR JESSE KIEHL

Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of SB 76.

CATHY SCHLINGHEYDE, Staff
Senator Jesse Kiehl
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented the sectional analysis for SB 76.

ALEC MESDAG, Vice President and Director
Alaska Electric Light & Power Company
Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 76.

KENNETH DARLING, Chief Credit Officer
Matanuska Valley Federal Credit Union
Palmer, Alaska

POSITION STATEMENT: Testified in support of SB 76.

DIL UHLIN, Maintenance Director
Kenai Peninsula Borough
Kenai, Alaska

POSITION STATEMENT: Testified in support of SB 76.

REPRESENTATIVE MATT CLAMAN
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of HB 36.

SOPHIE JONAS, Staff
Representative Matt Claman
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented the sectional analysis for HB 36.

MARCUS WAEHLER, Board Member
Alaska Automotive Dealers Association; Owner
Red White & Blue Auto Sales
Anchorage, Alaska

POSITION STATEMENT: Testified on HB 36 by invitation.

STEVE ALLWINE, President and General Manager
Mendenhall Auto Center; Director
National Automotive Dealers Association; Board Member
Alaska Automotive Dealers Association
Juneau, Alaska

POSITION STATEMENT: Testified on HB 36 by invitation.

LORI WING-HEIER, Director
Division of Insurance
Department of Commerce, Community and Economic Development
Anchorage, Alaska

POSITION STATEMENT: Answered questions related to HB 36.

JEFFREY SCHMITZ, Director
Division of Motor (DMV)
Department of Administration (DOA)
Anchorage, Alaska

POSITION STATEMENT: Stated that the division does not have a position on HB 36.

ACTION NARRATIVE

[1:29:40 PM](#)

CHAIR MIA COSTELLO called the Senate Labor and Commerce Standing Committee meeting to order at 1:29 p.m. Present at the call to order were Senators Gray-Jackson, Stevens, and Chair Costello. Senator Micciche arrived thereafter.

SB 17-ENERGY EFFICIENCY & POLICY: PUB. BLDGS

[1:30:12 PM](#)

CHAIR COSTELLO announced the consideration of SENATE BILL NO. 17 "An Act relating to the retrofitting of certain public facilities and community facilities; relating to the performance of energy audits on schools and community facilities; relating to the duties of the Alaska Energy Authority and the Alaska Housing Finance Corporation; creating a rapid economic recovery office in the Alaska Industrial Development and Export Authority; and relating to the state energy policy and energy source reporting by state agencies."

[CSSB 17(CRA) was before the committee.]

[1:31:31 PM](#)

SENATOR TOM BEGICH, Alaska State Legislature, Juneau, Alaska, sponsor of SB 17 recapped that the bill has two primary components. It expands an existing state program for retrofitting public buildings 10,000 square feet and larger to include 5,000 square feet and larger public school buildings and community facilities that may be subject to power cost equalization (PCE)). Second, the bill revises policies and establishes goals to obtain 50 percent of the state's energy

needs from renewable energy by 2025. He noted that the committee considered a Governor's bill that creates an energy independence investment fund and expressed hope that elements of SB 17 would be added to that bill. He advised that an expert was available online to talk about the \$40 million the existing program had saved the state in the last decade.

CHAIR COSTELLO asked members if they had questions for Christopher Hodgin from the Department of Transportation and Public Facilities (DOTPF), which is the department that will help facility owners pay for the audits. She asked the sponsor if he was aware of any opposition to the legislation.

SENATOR BEGICH answered that he was not aware of any opposition.

CHAIR COSTELLO asked Mr. Hodgin whether the administration supported or had comments on SB 17.

[1:34:37 PM](#)

CHRISTOPHER HODGIN, Energy Program Manager, Statewide Public Facilities, Division of Facility Services, Department of Transportation & Public Facilities, Anchorage, Alaska, offered his understanding that the administration supported the concepts in SB 17.

[1:35:00 PM](#)

At ease

[1:35:41 PM](#)

CHAIR COSTELLO reconvened the meeting and solicited the will of the committee.

[1:35:46 PM](#)

SENATOR GRAY-JACKSON moved to report the committee substitute (CS) for SB 17, work order 32-LS0187\B, from committee with individual recommendations and attached fiscal note(s).

CHAIR COSTELLO found no objection and CSSB 17(CRA) was reported from the Senate Labor and Commerce Standing Committee.

[1:36:10 PM](#)

At ease

SB 76-ABANDONED VEHICLES; PRIVATE PROPERTY

[1:43:14 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of SENATE BILL NO. 76 "An Act relating to vehicles abandoned on private property."

1:43:56 PM

SENATOR KIEHL, Alaska State Legislature, Juneau, Alaska, sponsor of SB 76, stated that this legislation shortens the time that private property owners have to wait before they are able to begin to deal with a vehicle abandoned on their property. "In essence, someone disposing of a car they can't sell on land they don't own." Today the private property owner must wait six months before they are able to initiate the prescriptive process to get title in order to pay for the disposal of the vehicle. SB 76 shortens the initial six months wait-time to one month, but it does not deprive the last registered owner of their legal notice that includes certified return mail receipt. He acknowledged that this is not a cure-all because the private property owner still must follow the process to dispose of the vehicle. SB 76 simply provides the opportunity for the private property owner to deal with an abandoned vehicle on their property without waiting six months to begin the process.

1:46:18 PM

CHAIR COSTELLO informed the members that she heard the bill in the previous committee of referral and had no questions.

1:46:37 PM

SENATOR STEVENS asked if there was a process for the registered owner to sell their vehicle and go to the Division of Motor Vehicles (DMV) to transfer the title. He acknowledged that this did not affect the bill.

SENATOR KIEHL said yes; if he were to sell his vehicle, he could sign and return the slip at the bottom of the title to notify DMV that he was no longer the owner of the vehicle.

SENATOR STEVENS asked if the slip at the bottom of the title has the address of the new owner.

SENATOR KIEHL replied there is no requirement for the seller to file the name of the new owner with DMV.

1:47:32 PM

SENATOR GRAY-JACKSON offered her understanding that the property owner has to wait six months before they are able to deal with the abandoned vehicle.

SENATOR KIEHL clarified that the property owner must wait six months before they can begin the legal process that ends with being able to deal with the vehicle.

SENATOR GRAY-JACKSON recounted that the bill shortens the six months to 30 days.

SENATOR KIEHL nodded.

[1:48:15 PM](#)

SENATOR MICCICHE asked if the bill applies only to private property or if it also shortens the initial six months to 30 days for vehicles abandoned on municipal and state land.

SENATOR KIEHL replied state and local governments generally do not use this process because they have additional authorities to deal with vehicles abandoned in their rights-of-way.

SENATOR MICCICHE noted that not all state and municipal property is designated right-of-way. He asked if there was a different process for municipalities.

SENATOR KIEHL answered yes; sections of the statutes relate to municipal rights and the state has significant rights to deal with abandoned vehicles on state land. He restated that SB 76 only applies to vehicles abandoned on private property.

CHAIR COSTELLO requested the sectional analysis.

[1:49:46 PM](#)

CATHY SCHLINGHEYDE, Staff, Senator Jesse Kiehl, Alaska State Legislature, Juneau, Alaska, presented the sectional analysis for SB 76 that read as follows:

Section 1: A property owner with a vehicle abandoned on his or her land can currently start the process to claim title to the vehicle after six months. This section reduces the period to 30 days.

Section 2: The change above only applies to vehicles abandoned after the effective date of the bill.

[1:50:28 PM](#)

ALEC MESDAG, Vice President & Director, Alaska Electric Light & Power Company, Juneau, Alaska, related that AEL&P and its land holding company own a large amount of land around Juneau and they have had to deal with a significant number of vehicles

abandoned on their property in recent years. The option under current law is to leave the vehicles alone for six months or tow them to a secure yard and hold them for six months before starting the retitle process. Eventually the company tows the vehicles for disposal. He said SB 76 provides relief by reducing the holding time for these derelict and abandoned vehicles that often are an environmental hazard. They leak fluids and often contain used needles and other biohazards. He described the six month holding period as too long and said SB 76 provides a meaningful improvement. He thanked the sponsor and the committee for its support for SB 76.

SENATOR STEVENS commented that the bill makes sense. He asked how AEL&P disposes of the vehicles and if it is at the company's expense.

MR. MESDAG confirmed that AEL&P pays for the disposal. He said recyclers dispose of standard automobiles but not campers with holding tanks. He recounted that he hauled one camper to the dump and paid about \$1,400 for disposal only to see it alongside somebody's house several months later. He reiterated that shortening the initial six-month wait to 30 days would be very helpful.

[1:54:09 PM](#)

KENNETH DARLING, Chief Credit Officer, Matanuska Valley Federal Credit Union, Palmer, Alaska, stated support for SB 76 and offered his view that the environmental and biohazard discussion was enlightening. These derelict vehicles present more than just an eyesore. He advised that the credit union disposes of abandoned vehicles through an auction because they have salvage value. However, the value of the vehicle depreciates as it sits for six months so it would be helpful to shorten the initial wait time. It will help the environmental biohazard and help the depreciating asset have more value when it goes to auction.

SENATOR STEVENS asked if the credit union is responsible for the vehicle if the vehicle owner cannot be located.

MR. DARLING answered that is correct. As the lienholder, the credit union is a partial owner of the vehicle.

[1:56:06 PM](#)

CHAIR COSTELLO opened public testimony on SB 76.

[1:56:16 PM](#)

DIL UHLIN, Maintenance Director, Kenai Peninsula Borough, Kenai, Alaska, said reducing the time from six months to 30 days will mirror the municipality's notification timeline. He said rights of way are a little different but a vehicle in a school district parking lot for example, would sit for 30 days before it is presumed abandoned. The municipality would then move forward to notification and eventual disposal. He agreed with previous testimony that many of the vehicles left for six months become a public safety and environmental biohazard problems.

He advised that the Kenai Peninsula Borough deals with abandoned vehicles weekly and he has experienced instances where the vehicle jeopardized public safety and others presented an environmental biohazard. The cost of disposal for these types of vehicles increases as they sit and deteriorate. He reported that the cost to decontaminate and dispose of one vehicle and clean up the surrounding property was over \$30,000. He reiterated support for SB 76.

SENATOR GRAY-JACKSON thanked him for the testimony.

CHAIR COSTELLO asked if the borough had contemplated holding the owner of the abandoned vehicle liable for cleanup costs and disposal.

MR. UHLIN replied that the borough has established procedures to hold the last known owner liable but they generally do not recover the costs. However, he can say that the 30-day timeline is reasonable. The borough's experience is that anyone who intends to move their vehicle will do so in the first week after notification. He imagined that in the private sector a civil suit would be the way to recover costs.

[2:00:31 PM](#)

CHAIR COSTELLO closed public testimony on SB 76.

[2:00:37 PM](#)

At ease

[2:01:17 PM](#)

CHAIR COSTELLO reconvened the meeting.

[2:01:23 PM](#)

SENATOR STEVENS asked the sponsor if the bill would apply to borough property.

SENATOR KIEHL answered no. SB 76 more closely aligns the laws for vehicles abandoned on private property to the laws for vehicles abandoned on public property. He noted the letter of support from the Alaska Municipal League and highlighted that giving private property owners additional tools to deal with these vehicles more quickly will benefit the entire community from a public safety standpoint.

SENATOR MICCICHE related his experience with abandoned vehicles when he was mayor of a small town to explain the municipalities' interest in the bill. He thanked the sponsor.

[2:03:25 PM](#)

SENATOR MICCICHE moved to report SB 76, work order 32-LS0005\A, from committee with individual recommendations and attached zero fiscal note(s).

CHAIR COSTELLO found no objection so SB 76 was reported from the Senate Labor and Commerce Standing Committee.

[2:03:48 PM](#)

At ease

HB 36-MOTOR VEHICLE DEALERS: APPLIC.; INSURANCE

[2:06:06 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of HOUSE BILL NO. 36 "An Act relating to an application for a license to operate as a dealer in motor vehicles; and requiring a dealer in motor vehicles to maintain liability and property insurance."

[SCS HB 36(TRA) was before the committee.]

[2:06:19 PM](#)

REPRESENTATIVE MATT CLAMAN, Alaska State Legislature, Juneau, Alaska, sponsor of HB 36, introduced HB 36 speaking to the sponsor statement that read as follows:

House Bill 36 strengthens Alaska's motor vehicle dealer license requirements by modernizing the statute and incorporating reasonable standards for obtaining a motor vehicle dealer's license without creating barriers to entry into the field or restricting competition.

[2:06:41 PM](#)

REPRESENTATIVE CLAMAN continued:

Alaska's current requirements for obtaining a motor vehicle dealer's license are some of the least stringent in the nation. Under current law, a motor vehicle dealer in Alaska must register biennially by filling out an application, pay a \$50 registration fee, and maintain a surety bond of \$50,000. By way of comparison, the requirements for a motor vehicle dealer's license in other states are more stringent:

- Oregon - Chapter 822 of Oregon State Statutes provides for civil penalties for acting as a vehicle dealer without a certificate, the processes of applying for and maintaining an automobile dealer license and related exemptions, requirements and privileges, grounds for revocation, suspension, or cancellation of the dealership certificate, and further defines illegal practices and associated penalties.
- Delaware - Title 21, Chapter 63 of the Delaware State Statutes provides for proof-of location requirements and recordkeeping, license expiration and renewal procedures, retainment of bill of sale records for a period of at least five years, and grounds for revocation of dealer licenses.
- Texas - Title 14, Subtitle A, Chapter 2301 of the Occupations Code provides for public interest information and complaint procedures, licensing requirements, license expiration and renewal, dealer operations, grounds for license revocation as well as procedures for complaint hearings, judicial review, and penalties.

Purchasing a car may be one of the largest investments a consumer makes in their lifetime, so we need to ensure that reasonable standards for becoming a dealer are in place as well as financial protections should the sale not work out.

House Bill 36 updates the surety bond requirement - which hasn't been changed in 20 years - to \$100,000 to stay in line with the current economics of the automobile industry. Furthermore, it requires that dealers obtain liability insurance. There is currently no requirement that dealers carry liability insurance

even though Alaska requires drivers to have liability insurance for their vehicles—and dealers may allow uninsured drivers to take cars for test drives. It also limits ownership of persons who have been convicted of felonies for fraud or embezzlement within five years of the application date. Finally, it requires dealers with employees to confirm that they are aware of associated workers comp coverage requirements.

2:09:01 PM

REPRESENTATIVE CLAMAN noted that his office also had questions about the cost of the proposed changes for dealers. Currently, a \$50,000 performance bond costs from \$500 to \$1,000. A \$100,000 auto dealer's bond costs from \$1,000 to \$2,500 for a year's coverage. The estimated cost of insurance for a small dealer's policy is approximately \$2,500. This is comparable to the cost for a new business owner to purchase general premises liability for a restaurant, print shop, or retail store.

REPRESENTATIVE CLAMAN summarized that the purpose of HB 36 is to establish reasonable standards for car dealer licensing and to reduce the potential for harm through increased bond amounts, mandatory insurance, and additional disclosures that hold auto dealers more accountable under current statutes.

2:10:00 PM

SOPHIE JONAS, Staff, Representative Matt Claman, Alaska State Legislature, Juneau, Alaska, presented the sectional analysis for HB 36:

Section 1

AS 08.66.030. Form of application. Adds the following requirements to dealer registration applications:

- a valid telephone number for the business;
- a statement that no person holding a five percent or greater interest in the business has been convicted of a felony involving fraud, embezzlement, or misappropriation of property within five years preceding the date of application;
- a statement acknowledging that the applicant has reviewed the requirements for workers' compensation insurance and will maintain workers' compensation insurance under AS 23.30, if applicable; and

- a copy of the liability insurance policy in compliance with section 3 of this bill.

Section 2

AS 08.66.060. Bond. Raises the amount of the bond required for dealer registration applicants from \$50,000 to \$100,000.

Section 3

AS 08.66.085. Insurance requirements. Adds a new section to AS 08.66 that requires dealers to maintain liability insurance for bodily injury and property damage.

[2:11:37 PM](#)

SENATOR STEVENS asked for assurance that this would not make it more difficult for small dealers to do business. He also asked for the cost of a \$50,000 to \$100,000 bond.

REPRESENTATIVE CLAMAN answered that the current estimate for a \$50,000 bond is from \$500 to \$1,000 per year and the estimated cost of a \$100,000 bond is \$1,000 to \$2,500 per year. He noted that the Division of Insurance regulates those bonds and Ms. Wing-Heier was available online to answer further questions about the bonding. Responding to the first question about the effect on small dealers, he said he believes the proposed bond is a reasonable cost of entry to this business. The bond provides protection if there is some unforeseen problem with the vehicle and it provides protection in the event that something goes wrong after the sale.

CHAIR COSTELLO turned to invited testimony.

[2:14:06 PM](#)

MARCUS WAEHLER, Board Member, Alaska Automotive Dealers Association; Owner, Red White & Blue Auto Sales, Anchorage, Alaska, testified by invitation on HB 36. He advised that he brought this concern to the board's attention six or seven years ago when he noticed that many of the buyers attending used car auctions did not have used car businesses. Rather, the autos were being sold on Craigslist and were represented as being sold by private parties, not dealers. Now when he goes to these auctions the preponderance of buyers are private parties. He recounted that he testified last week that he sold four cars "as is" at auction that had not passed his safety inspections. That afternoon he saw those same vehicles for sale online under the guise of a private party.

MR. WAEHLER said his goal in bringing his concern forward was to bring minimal standards to the used car sales industry. He noted that his research of other states found many rules for becoming a dealer. Alaska has none of those requirements. Somebody can pay \$500 for a bond and \$75 for registration and be in business. He emphasized that the bill is not intended to make it a financial hardship to become a dealer, but rather to bring minimal standards to the industry. HB 36 does that, he said.

2:17:06 PM

SENATOR STEVENS offered his understanding that the only used car auction in Alaska is in Anchorage and said his concern is that the bill may make it less likely that anybody that is not connected to the road system would enter the used car business. He asked if he knows of any other auctions in Alaska.

MR. WAEHLER said there are small auctions that pop up sporadically in Fairbanks, Kenai, and Wasilla, but the main auction is in Anchorage. Auctions have also moved online.

2:18:26 PM

STEVE ALLWINE, President and General Manager, Mendenhall Auto Center; Director, National Automotive Dealers Association, Board Member, Alaska Automotive Dealers Association, Juneau, Alaska, testified in support of HB 36. Addressing Senator Steven's concern, he said the board and membership in Alaska is a little different in that it is comprised of large and small new and used car dealers. When Mr. Waehler brought his concern forward, the board wanted to make sure that adding standards would not be burdensome. He said the board determined that the changes reflected in HB 36 would not create a barrier to competition.

MR. ALLWINE confirmed that the issue is people who are licensed as a dealer then hold themselves out as a consumer and sell to other consumers. He said a consumer who works with a dealer who properly represents himself as a dealer has built in protections when they purchase a vehicle. However, those protections go away on a consumer-to-consumer sale. The intent of the legislation is to ensure those consumer protections. He added that everyone is aware the bill will not eliminate the issue, but it may slow it down. We're saying, "Do things right, take the necessary steps, make a reasonable investment, and then come into our business."

SENATOR STEVENS said he was relying on his word that HB 36 will not be a barrier to competition.

2:21:10 PM

CHAIR COSTELLO opened public testimony on HB 36; finding none, she closed public testimony. She asked if there were questions for Ms. Wing-Heier.

SENATOR STEVENS asked for an explanation of the change in bonding and the cost to purchase the bond. He restated his concern about not imposing a financial barrier on small businesses in small communities.

2:22:08 PM

LORI WING-HEIER, Director, Division of Insurance, Department of Commerce, Community and Economic Development (DCCED), Anchorage, Alaska, said she does not see the bill as a barrier. It is an increase in cost, but it provides more protections for consumers who purchase these used cars. She explained that a bond guarantees that the entity selling or repairing the car will have the wherewithal to follow through and do the work. She explained that insurance looks at three parts of a bond: the character, the capacity, and the capital. A person in good standing enjoys the lesser premium, and a new business will see the premium decrease as it builds reputation and business.

2:23:47 PM

SENATOR STEVENS asked how much more a bond would cost a small dealer if HB 36 were to pass.

MS. WING-HEIER answered that a \$50,000 bond for a person in good standing costs about \$500 per year. That bond would cost closer to \$1,000 for a new person or business. The cost of a \$100,000 bond ranges from \$1,000 to \$2,500 per year. The reason the bill increases the bond is because of increases in the cost of the car and parts and the capital a person should have to operate a business.

SENATOR STEVENS asked if she believes HB 36 would present a barrier to someone in a smaller community.

MS. WING-HEIER replied she didn't think so because the startup costs for any new business will be in line with the numbers the division gave to the sponsor for this bill.

CHAIR COSTELLO informed the members that the director of the Division of Motor Vehicles was available to answer questions. She asked Mr. Schmitz if he was aware of the administration's position on HB 36.

[2:26:13 PM](#)

JEFFREY SCHMITZ, Director, Division of Motor (DMV), Department of Administration (DOA), Anchorage, Alaska, stated that the division does not have a position on HB 36.

SENATOR MICCICHE offered his perspective that the legislation levels the playing field, sets expectations, and protects the public.

[2:27:28 PM](#)

SENATOR GRAY-JACKSON echoed the previous comments and thanked the sponsor for introducing the bill.

[2:28:10 PM](#)

CHAIR COSTELLO stated that she would hold HB 36 for further consideration.

[2:28:43 PM](#)

There being no further business to come before the committee, Chair Costello adjourned the Senate Labor and Commerce Standing Committee meeting at 2:28 p.m.